

1 the workforce

To set the stage for understanding what work, workers, and workplaces will be like in twenty-first century America, we need first to appreciate the demographic, educational, and employment changes that have shaped the American workforce of today.

... what is past is
prologue.

William
Shakespeare
The Tempest

THE U.S. POPULATION IS BECOMING LARGER AND MORE DIVERSE

Who are the workers of the future? Many of them will be older versions of ourselves. In fact, over half of the population of 2030 are alive today.

Over the next fifty years, the population of the United States is expected to grow by nearly 50 percent, from about 275 million in the year 2000 to an estimated 394 million people in 2050. U.S. population growth is influenced by immigration and emigration rates, as well as by birth and death rates. Immigration will play the largest role in the growth of the United States through mid-century.¹

Immigration trends tell us to expect 820,000 immigrants to arrive annually in the United States. Two out of three will be working age upon their arrival. By 2050, we expect immigration to have increased the U.S. population by 80 million people. Fully two-thirds of the projected U.S. population increase will be due to net immigration.²

In addition to immigration, the other key determinants of the U.S. population size will be birth and death rates. Particularly important to the American labor force is the large number of people born after World War II, from 1946 to 1964. This

baby-boom generation—which has been a major force in the labor market for the past 20 years—has now reached its prime working years and makes up about 47 percent of the workforce.³ The youngest baby boomers, just reaching 35 years of age, will continue to participate in the workforce for many years. As this population ages, the median age of the workforce will rise.

Between 2011 and 2029, the baby boomers will be reaching the traditional retirement age of 65. Their retirements will dramatically affect the workforce of the future. Not only will the demographic profile of the workforce change considerably, including a rise in the number of people with disabilities, but millions of Americans will be faced with balancing work and family, particularly the care of elderly parents. (*See chapter 3 for a fuller discussion.*)

Despite the fact that the post-baby-boom generation (born after 1964) is much smaller in size, the number of youths is expected to rise by 2020, partly as a result of immigration. In 2000, there will likely be over 70 million children under 17 years of age. By 2050, this under-17 population is expected to rise to over 96 million.

The other key component of population change is the death rate. Over the next 50 years, the number of deaths annually is likely to increase nearly 50 percent.⁴ In just 30 years, baby boomers—now 30 percent of the population—are projected to drop to only 16 percent.⁵ Nevertheless, the oldest age groups are projected to increase their share of the population through the middle of the next century. In 1995, 33.5 million people were age 65 or older, and, by 2050, the elderly population is expected to more than double, representing 20 percent of the population.⁶

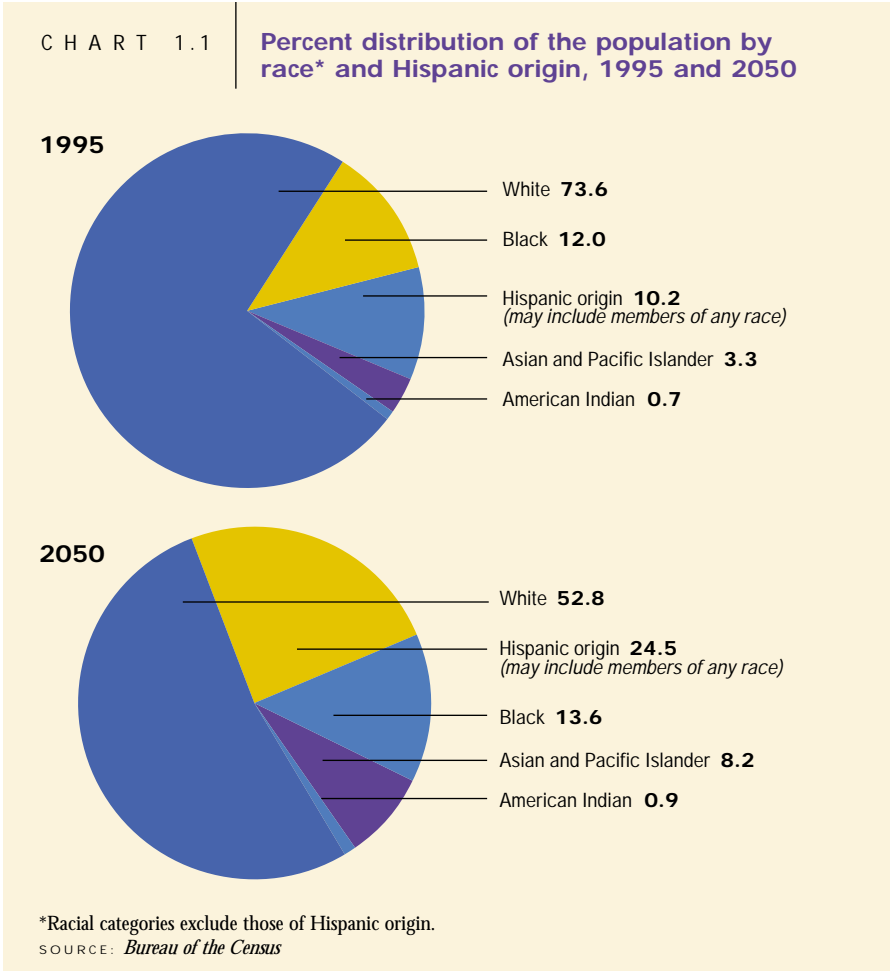
Life expectancy is projected to rise from 76 years in 1995 to 82 years in 2050.⁷ Even those already 65 years old have life expectancies of an additional 15 to 20 years. Because all of the increase in older Americans after 2030 can be attributed to increases in the number of people 75 years and older, there may be little direct effect on the composition of the workforce, although the impacts on families, jobs, and the marketplace (such as demand for medical services) will likely be significant.⁸

The changing face of the workforce

Masked in these total population changes are the details of race and ethnicity. Immigration trends, coupled with varied birth rates, will bring more diversity to the American workforce. In 1995, the United States was estimated to be 83 percent white, 13 percent black, 1 percent American Indian, Eskimo, and Aleut, and 4 percent Asian and Pacific Islander.⁹ Ten percent of Americans, mostly blacks and whites, were also of Hispanic origin. Nearly one in eleven Americans was foreign born.¹⁰

Chart 1.1 shows an alternative view of the U.S. population distribution: although Hispanics are typically white or black, they are shown here as a separate category, independent of racial background. Looked at either way, the data show that the future racial and ethnic makeup of America will be considerably different than it is today.

Trends show that whites will be a declining share of the future total population while the Hispanic share will grow faster than that of non-Hispanic blacks. By 2050, minorities are projected to rise from one in every four Americans to almost one in every two. The Asian and Pacific Islander



Given the diversity of the U.S. population, this report would ideally discuss future workplace issues for whites, African Americans, Latinos, Asians, and Native Americans, with additional detailed breakdowns for populations such as Pacific Islanders, Mexican Hispanics, Puerto Rican Latinos, Cuban Hispanics, Aleuts, and Inuits. Unfortunately, detailed data are generally limited to three standard categories: whites, blacks, and Hispanics of any race. Therefore, throughout this report, references will be made primarily to these three groups, with more detailed discussion when data are available.

population is also expected to increase. Growth rates of both the Hispanic-origin and the Asian and Pacific Islander populations may exceed two percent per year until 2030. Even at the peak of the baby-boom era, the total population never grew

by two percent a year. By 2010, Hispanics are likely to become the largest minority group. In fact, after 2020, the Hispanic population is projected to add more people to the United States every year than will all other groups combined.¹¹



EDUCATIONAL ATTAINMENT IS RISING

Deciding how far to go in school is one of the most important decisions an American worker makes, regardless of his or her race or ethnicity.

Educational attainment plays a critical role in virtually every labor market outcome. On average, the more education people have, the more likely they are to seek and find jobs, earn higher wages, and retire with a pension. *(See chapter 2, Employment, wages, and benefits, for a discussion on earnings.)*

Nearly 83 percent of all adults ages 25 and over have completed high school, and 24 percent have obtained a bachelor's degree or more. This is a dramatic increase from just 30 years ago, when fewer than 54 percent of this group had completed high school and fewer than 10 percent had completed college.¹² And as the younger populations age, the average educational attainment of the population will continue to rise. Eighty-seven percent of young adults, 25 to 29 years old, completed high school in 1997.

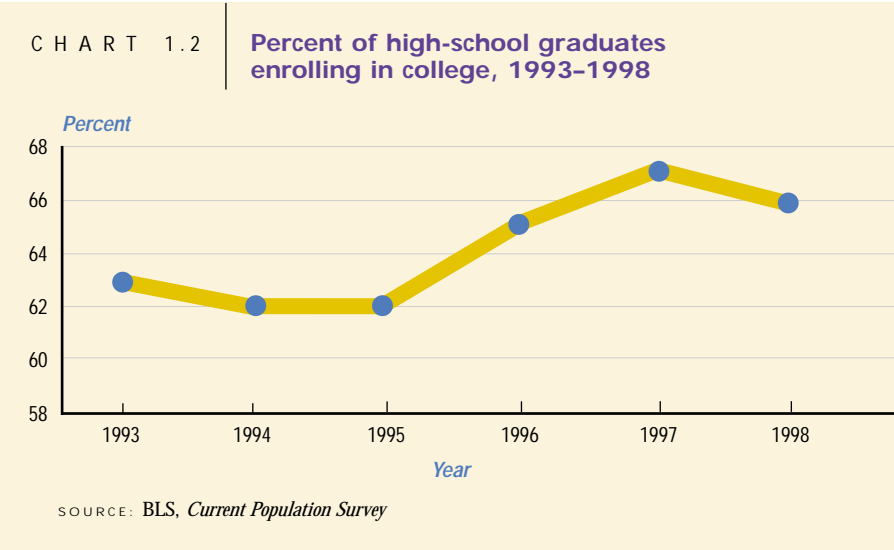
Though educational attainment is universally rising, levels vary considerably across racial and ethnic lines. Looking at 1997 data on young adults, Asian Americans have the highest high-school graduation rates at over 90 percent. For the first time in 1997, the high-school graduation rates for young blacks and whites were statistically on par at 86 and 88 percent respectively. High-school completion rates that year, however, were far lower—62 percent—for young Hispanics. Particularly troubling is that over the decade, there has been no significant change in the rate of high-school completion for young Hispanics.

The lower educational attainment rates for Hispanics are, in part, due to lower high-school completion rates by Hispanics who immigrated to the United States. High-school completion among all foreign born is considerably lower than among the native born—65 percent versus 84 percent. For example, the proportion of foreign-born Hispanics with less than a high-school diploma was almost twice as high as that of native-born Hispanics—57 percent compared with 31 percent.¹³

Not only are more Americans graduating from high school, but more are going to college. (See chart 1.2.) Sixty-six percent of 1998 high-school graduates entered colleges or universities in the fall. This proportion has risen over the last two years, after remaining steady from 1992 to 1995 at about 62 percent. This trend is expected to continue as the rewards to those with more schooling continue to rise and attract more young people to college. (See chapter 2 for more details.)

Nearly two-thirds of the new college students were enrolled in four-year institutions, while the rest attended two-year colleges. Young women enrolled in college at higher rates than young men—69 percent and 62 percent, respectively—a trend

likely to help close the gap between women's and men's average earnings. Although blacks and whites graduated from high school at roughly equal rates, at the end of the century, blacks continued to lag behind in both enrollment in and graduation from college. Nearly seven out of ten young white high-

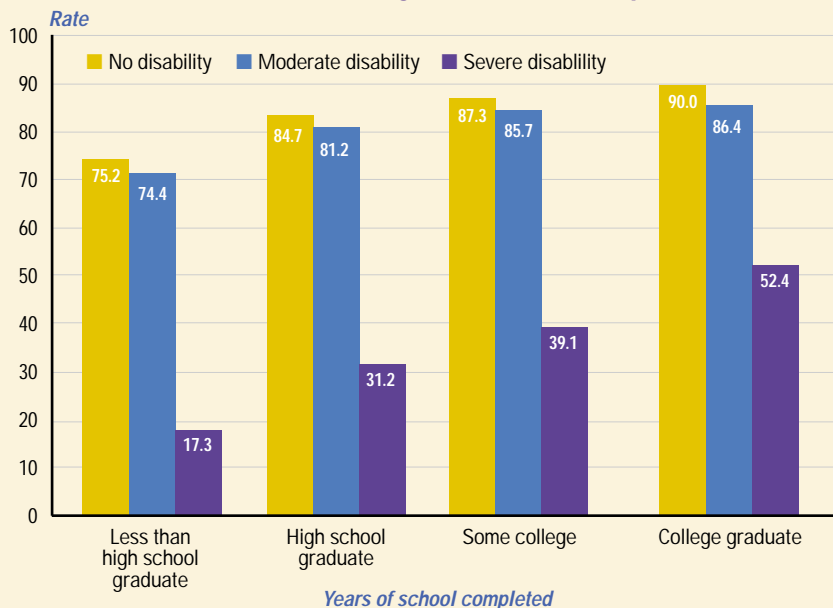


school graduates went on to college compared to only six of ten young black high-school graduates and five out of ten young Hispanic graduates.¹⁴ Of those 25 and over, just 13 percent of black and 11 percent of Hispanics were college graduates in 1997, compared to 25 percent of whites and 42 percent of Asian and Pacific Islanders.¹⁵

The gap between the education levels of people with disabilities and those without is particularly troubling. The percent of adults with disabilities who have not completed high school is more than double that of adults with no disabilities. And

C H A R T 1.3

Labor force activity rate of persons 20 to 64 years old, by education level and disability status, 1994 (in percent)



SOURCE: Thomas W. Hale, Howard V. Hayghe and John M. McNeil. "Labor Market Activity, 1994." *Monthly Labor Review*, September 1998, using *Survey of Income and Program Participation* data from the Bureau of Census.

fewer than 10 percent of adults with disabilities have graduated from college,¹⁶ a rate achieved by the general population 30 years ago.

Nevertheless, the situation is improving. Laws and policies requiring equal access for people with disabilities, coupled with advances in assistive technologies, should soon result in rising rates of educational attainment for people with disabilities. Additional education not only improves the chances of labor market activity for workers with disabilities

but reduces the gap in labor market participation between people with severe or significant disabilities and those with no disabilities. (See chart 1.3.)

Educational attainment has a significant impact on earnings levels throughout a worker's life. Differences in educational attainment across these groups, among other factors, will cause the wage and pension gaps among these groups to persist.

WOMEN ARE WORKING MORE; MEN ARE WORKING LESS

Clearly, the level of labor force participation is an important determinant of earnings. A worker who puts in more hours and weeks of work generally receives higher total earnings. In 1997, 78 percent of all employed persons usually worked full time (35 hours or more a week), a proportion little changed since the early 1970s. In contrast to the stability over time in average weekly hours worked, there has been a noticeable trend toward more year-round work. During 1997, 72 percent of people with any work experience worked year round (at least 50 weeks), compared with just 65 percent thirty years earlier. (See table 1.1.)¹⁷

This trend towards year-round work primarily reflects the increasing likelihood of employed women working year round. Since 1967, the percentage of women participating in the labor force has increased by nearly half, from 41 percent to 60 percent, and the proportion of employed women working year round has climbed by 18 percentage points, from 52 to 70 percent. During the same period, the labor force participation rate of men has actually declined, from 80 percent to 75 percent, and the proportion of employed men working year round rose only slightly, from 74 to 77 percent.¹⁸

Full-time year-round work varies considerably by age. Over the past few decades, more prime age workers (25 to 54 years of age) were working full time year round, rising from 52 percent to 63 percent. In contrast, full-time year-round participation of the young is dropping as they stay in school longer. In the future, we can continue to expect the young to reduce their labor force participation as the need for additional education rises. However, a decline of older workers' participation has begun to reverse with the economic expansion and will likely continue as long as good employment opportunities remain plentiful. Rising trends in full-time and year-round status are likely to continue.¹⁹

Employment rates differ significantly between men and women, and those differences will likely continue into the future. While women's employment rates are rising and men's rates are declining, women are expected to continue to leave the labor market periodically to assume the lead role in child rearing. Since 1950, the proportion of men in the labor force has declined from 86 percent to 75 percent. In contrast, the trend for women is on the rise. In 1950, one-third of women worked outside the home. Almost fifty years later, 60 percent of women are in the labor force.²⁰

Women are increasingly working prior to having children and returning to the workforce while their children are still preschool age. This is particularly likely for families maintained by single women, a group that is growing significantly. In 1975, 16 percent of mothers with children under six years of age did not have a spouse in the household; by 1998, this figure was 26 percent.²¹

FROM WELFARE TO WORK

More women have turned to the labor force for income since welfare reform policies established time limits on public assistance. Welfare caseloads have dropped by a record 6.5 million people since 1993, falling by half or more in 29 states and nearly half (46 percent) nationwide. The rolls have declined by 4.6 million people, or 38 percent, just since President Clinton signed the welfare reform law in August 1996. The percentage of welfare recipients working has tripled since 1992, and all states met the first overall work participation rates required under the welfare reform law. Companies in the Welfare-to-Work Partnership have hired over 410,000 welfare recipients, and the federal government has hired nearly 12,000, exceeding its goal of 10,000 set two years earlier.²²

T A B L E 1.1

Work experience of the population, by extent of employment, 1997 (in percent)

Extent of employment	Total	Men	Women
Total who worked during the year	100.0	100.0	100.0
Full time	79.0	86.4	70.7
50–52 weeks	64.2	71.7	55.8
48–49 weeks	1.6	1.7	1.4
40–47 weeks	3.9	3.9	4.0
Part time	21.0	13.6	29.3
50–52 weeks	9.6	5.6	14.2
48–49 weeks	0.6	0.4	0.8
40–47 weeks	1.9	1.2	2.6

SOURCE: BLS, *Current Population Survey*

In 1996, the federal government enacted legislation ending the federal entitlement to assistance for eligible needy families with children and created the Temporary Assistance for Needy Families (TANF) block grant. Since families receiving this benefit have a five-year lifetime limit for federal assistance, there is a great deal of concern about their future employment prospects. To address this concern, the Balanced Budget Act of 1997 authorized the Department of Labor to create a \$3 billion Welfare-to-Work grants program for states and local communities. These grants assist long-term welfare recipients and certain low-income noncustodial parents in high poverty areas to get jobs and succeed in the workforce. This program is particularly important because the individuals remaining on the welfare rolls face particular challenges.

Welfare recipients are a diverse group. About half of all adults on welfare have at least a high-school diploma, about half are less than 25 years old, and over half (56 percent) are white. A majority have only one child, and 56 percent have never been married. Many experience poor health or depression, almost half have no car, and 15 percent suffer from domestic violence. Ten to 15 percent have disabilities that limit employment. However, welfare recipients do face some common barriers to finding work—the majority have limited job skills to offer employers.

Low-income noncustodial fathers are of a particular concern as they often live on the margins of society and cannot support their families. Forty-three percent are high-school dropouts. Twenty-nine percent are unemployed or not in the labor force. Less than one-third work on a full-time, year-round basis. Many low-income, noncustodial fathers live in central cities that are distant both physically and psychologically from the growing job opportunities in the suburbs. At least three-fourths of these fathers have been arrested or have ongoing legal problems. Research indicates that once a young man has been incarcerated, his employment and earnings are substantially reduced for many years to come. Additionally, many noncustodial fathers lack access to social networks that can be critical in locating employment. A large proportion of jobs is filled by informal recruitment among employers who seek referrals from their current employees and other acquaintances.* The poor labor market prospects of these low-income noncustodial fathers affect their families and neighborhoods.

A recent review of state welfare programs by the U.S. General Accounting Office (GAO) found that between 61 and 87 percent of adults leaving welfare had held jobs at some point. The lower figure includes those families who had returned to welfare; the higher figure is only out of a sample of families who stayed off welfare. Work, coupled with postemployment training and support services such as mentoring, child care, and transportation, has proven to be effective in assisting individuals to move from welfare to self sufficiency. However, many of these jobs were short in duration and most were low-paying. The GAO study found that many families (between 18 and 30 percent) returned to welfare.

*Excerpted from the testimony of Raymond J. Uhalde, Deputy Assistant Secretary of Labor for Employment and Training, before the House Subcommittee on Human Resources, April 27, 1999.



WORKERS WITH DISABILITIES ARE AN UNDERUTILIZED RESOURCE

An additional challenge is raising the labor market activity of people with disabilities. Given their lower educational attainment rates, among other factors, persons with significant disabilities report lower rates of labor market activity. Among labor market participants, persons with disabilities—moderate or significant—were more likely than those with no disabilities to report that they were looking for work or were on layoff rather than working. Persons with moderate disabilities were nearly twice as likely to be looking for work or on layoff as people with no disabilities, and those with severe disabilities were nearly three times as likely. Of persons 20 to 64 years old with severe disabilities, approximately 30 percent either worked, looked for a job, or were on layoff during the last four months of 1994—a stark contrast to the rates

of 82 percent and 85 percent respectively for those with moderate or no disabilities. Education made some difference. Nevertheless, among workers with college degrees, only 52 percent of those with severe disabilities reported labor market activity compared to 90 percent of those with no disability—a gap of 38 percentage points.²³

VETERANS ENRICH THE CIVILIAN WORKFORCE

In 1998, the civilian veteran population totaled over 25 million. Over 15 million of these veterans are in the civilian workforce.²⁴ They bring a host of skills into the workplace. Those who performed high-tech tasks in the military can transfer their skills to civilian jobs that use the same type of tech-

B O X 1.2

Did you know that workers with disabilities . . .

- Are more likely to have two jobs?
- Are more likely to work part time, and are more likely to work part time because they cannot find full-time work?
- Are more likely to be self-employed?
- Are more likely to earn less from their own incorporated businesses?
- Are more likely to earn less per hour, per month, and per year?
- Are less likely to belong to a union?
- Are less likely to work in one of the white-collar occupational groups (managerial, professional, technical, sales, and clerical)?
- Constitute an underutilized workforce and a potential resource to the U.S. economy? If one million more of the 54 million Americans with disabilities were employed, it is projected that the nation would save \$286 million annually in food stamp use and \$1.8 billion annually in social security income benefits.

SOURCE: Douglas Kruse, *Employment and Disability: Characteristics of Employed and Nonemployed People with Disabilities*, Rutgers University, 1997

Programs are available to increase the educational attainment of our workforce and improve training opportunities for those who choose not to go to college:

Hope Scholarships: Provide tax credits of up to \$1,500 for tuition and fees for students in the first two years of college or other eligible postsecondary training programs.

Lifetime Learning Credit: Provides a 20 percent credit for the first \$5,000 (\$10,000 beginning in 2003) of tuition and fees each year to students beyond the first two years of college, or those taking classes part time to upgrade their job skills.

Learning Anytime, Anywhere Partnerships: Provides grants to partnerships of two or more independent organizations to ensure that high-quality learning opportunities are available to distance education students.

Montgomery G.I. Bill—Active Duty and Selected Reservists: Provides education benefits to veterans and reservists for degree and certificate programs, flight training, apprenticeship or on-the-job training, correspondence courses, and other training.

Pell Grants: Provide assistance to low and middle-income undergraduate students.

Student Loans: Provide guarantees of commercial loans under the Federal Family Education Loan Program, and direct loans to schools and students under the Direct Loan Program.

Vocational Rehabilitation Act: Provides grants to enable States to provide vocational rehabilitation services to persons with disabilities.

Veterans Educational Assistance Program: Provides benefits for degree and certificate programs and other training.

Workforce Investment Act of 1998: Provides workers with the information, job search assistance, education, training, and support they need to get and keep good jobs; and provides employers with skilled workers.

nology. Many possess skills that can be applied in the fields of information technology, engineering, and communications. There were many technological advances underlying the success of the United States in the recent Kosovo conflict. Many of those who served in the Kosovo conflict and are returning to civilian life are armed with the knowledge that drove that technology. They offer employers abundant resources.

In general, the adaptability of veterans' skills is evidenced by the fact that veterans overall have a lower unemployment rate than nonveterans. However, not all veterans have an easy time making the transition to the civilian workforce: females, minorities, and those with disabilities have disproportionately higher unemployment rates. These veterans face the same barriers to full employment as their civilian counterparts.

YOUNG PEOPLE ARE ALREADY A SUBSTANTIAL PART OF THE LABOR FORCE

Employment trends among youth—the workers of the future—are of particular interest. Since young people will be a significant part of the population in the years ahead, their attachment to the workforce will be particularly important. More than a third of 14-to-16-year-olds who were enrolled in school also worked at an “employee” job (defined as having an ongoing relationship with a particular employer) at some point while school was in session during 1996.²⁵ Even at these young ages, many of these

SOURCE: *21st Century Skills for 21st Century Jobs*, U.S. Department of Commerce, U.S. Department of Education, U.S. Department of Labor, National Institute for Literacy, and Small Business Administration, January 1999.

student workers had a fairly strong attachment to the formal labor market: most worked while school was in session as well as during the summer.²⁶ The typical young person held an average of nearly nine jobs between the ages of 18 and 32, with more than half of the job changes occurring before age 23.²⁷

While the actual number of young people in the labor market will likely increase as the population increases, at least two pressures will counter a large rise. First, an increasing number of school districts are considering year-round programs, which may keep young people out of the labor market. Second, the premium on education will cause young people to stay in school longer and delay their move into the labor market. On the other hand, the Clinton–Gore administration's School-to-Work initiative may increase opportunities for youth to work while learning.



Later chapters will show how skills attainment is critical to success in the future workplace. Yet of youth 16 to 24 years old, 15 million are out of school and are not pursuing additional education. Nearly 70 percent of them have no more than a high-school diploma.²⁸ Consequently, they face a lifetime disadvantage in the workforce. These 10 million youths with a high-school diploma or less are the focus of the administration's Youth Opportunity (YO) Movement. These young people form a major source of human capital for the next century. YO is building a national partnership with the private sector to invest in these young people, unlocking their talents and helping ensure the longterm success of our future workforce. *(See box 1.4.)*



Among those at a higher risk of being left out are 15 million youths between 16 and 24 who are not in school.* Seventy percent of them have a high-school diploma or less, and five million live in distressed communities. These young people form a major source of human capital for the next century. We cannot afford to leave this source untapped. That is why the Department of Labor is building a national partnership with the private sector—the Youth Opportunity Movement—to invest in young people. Unlocking the talents of youth is good public policy. It is good business. And it is vital to tapping into new markets throughout the United States.

The Youth Opportunity Movement began with a four-year federal investment of over \$1 billion. These funds will be used to leverage a much larger private investment in community programs to train young people. Employers will benefit from a prepared, skilled workforce to tackle the jobs of today and a larger base of consumers for their products tomorrow.

The Youth Opportunity Movement offers a way to bridge gaps and break cycles that lead to poverty and despair. In conjunction with the recently enacted Workforce Investment Act, the Department of Labor awards Youth Opportunity grants to qualifying communities. This funding enables communities to establish “one-stop” service centers, where youth can access a wide range of services and resources, and to form community-wide partnerships.

Effective strategies to help out-of-school youth find employment must address personal, societal, academic and professional challenges. Job training alone is not enough: while young people need “hard” career-oriented skills, such as computer training, they also need “soft” skills, such as learning how to interview for a job. While various programs have succeeded in treating parts of the problem, the Youth Opportunity Movement will apply a “360 degree approach” by focusing on the whole person and engaging the whole community.

*U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, November 1998, Table A-16.

THE FUTURE

Change has been a constant in the demographic landscape of the United States. The next 50 years will be no exception. The population will increase by 50 percent, and minority groups will make up nearly half the population. Certain populations will experience particularly large increases, including Hispanics, Asians, immigrants, and people with disabilities.

The workforce will also grow and mirror the increasing diversity of America. Women's employment rates are rising, while those of men are declining somewhat. Increasing numbers of persons with disabilities are entering the workforce, although this labor pool is still largely untapped. The face of the workforce will continue to change, reflecting the changing features of the U.S. population.

The educational attainment of the American workforce is rising in time to meet the serious demands of the next century's highly technical, highly changeable job market. At century's end, more than 4 out of 5 Americans ages 25 and older have completed high school, and nearly a quarter have a bachelor's degree or higher—dramatic increases from 30 years ago. Americans are recognizing that education and skills will play an ever-more-critical role in their labor market success—finding jobs, earning higher wages, weathering change, and retiring with a pension.

People with disabilities are increasingly a powerful presence in America, from our schools to our businesses to the halls of government. But maybe equally important, increasingly a welcome, comfortable, normal presence. President Roosevelt said, "No country, no matter how rich, can afford to waste its human resources."

President Bill Clinton
January 13, 1999